

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 EB-07 INR-07 NSAE-00 FAA-00 AID-05 CEA-01

FRB-03 CIEP-01 SP-02 STR-04 TRSE-00 LAB-04 SIL-01

SAM-01 OMB-01 L-03 SAJ-01 ACDA-05 MC-02 AS-01 SS-15

NSC-05 /088 W

----- 076795

R 311635Z DEC 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 4941

INFO USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: EAIR, EIND, ETRD, EEC, IT

SUBJECT: CIVAIR - ITALIAN AEROSPACE INDUSTRY CONCERN OVER SPINELLI
PLAN FOR EC AEROSPACE INDUSTRY

REF: STATE 279248, ROME 13862, STATE 276886

1. SUMMARY. BONIFACCIO (AERITALIA), PIGGIO (RINALDO PIGGIO S.P.A.) AND CALVINO (ROME REPRESENTATIVES OF AUGUSTA GROUP) CALLED ON ECOMIN ECEMBER 19 AT LATTER'S REQUEST. ITALIAN AEROSPACE INDUSTRY REPS EXPRESSED APPRECIATION FOR USG COMMENTS ON SPINELLI PROPOSALS AND MADE IT UNMISTAKABLY CLEAR THAT US AEROSPACE INDUSTRY MUST BE WILLING TO EXPAND THEIR COOPERATION WITH EC AEROSPACE FIRMS, SO LATTER'S ROLE BECOMES SUBSTANTIALLY MORE THAN SUBCONTRACTOR STATUS, IF SPINELLI'S OBJECTIVE OF AN INTEGRATED EC AEROSPACE INDUSTRY/ MARKET LARGELY CLOSED TO US IS TO BE AVOIDED. END SUMMARY.

2. AT ECOMIN'S REQUEST, IN RESPONSE TO INSTRUCTIONS IN STATE 279248, ITALIAN AEROSPACE REPS BONIFACCIO (MANAGING LIMITED OFFICIAL USE

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DIRECTOR, AERITALIA), PIAGGIO (MANAGING DIRECTOR,

RINALDO PIAGGIO S.P.A.), AND CALVINO (DIRECTOR,AUGUSTA GROUP'S ROME OFFICE) CALLED AT THE EMBASSY ON DECEMBER 19. ECMIN EXPRESSED DEPARTMENT'S APPRECIATION FOR THEIR COMMENTS ON SPINELLI PROPOSALS FOR INTEGRATED EC AEROSPACE INDUSTRY/ MARKET AND EXPLAINED USG POSITION AS SET FORTH IN STATE 276886.

3. IN RESPONSE TO ECMIN'S REQUEST FOR INFORMATION ON LATEST DEVELOPMENTS, PIAGGIO SAID SPINELLI REPORT HAS BEEN PRESENTED TO EC'S COREPER, WHO ARE SEEKING ADVICE FROM THE EUROPEAN PARLIAMENT AND THE EC COUNCIL'S ECONOMIC AND SOCIAL COMMITTEE, WHICH WILL MEET ON JANUARY 22, 1976 TO PROVIDE ITS "FINAL" POSITION (HAVING ALREADY HELD TWO MEETINGS). THE EUROPEAN PARLIAMENT, ACCORDING TO PIAGGIO, HAS REFERRED THE REPORT TO ITS TRANSPORT AND INDUSTRY COMMITTEES "FOR STUDY." HE NOTED THAT SEVERAL PROMINENT EUROPEAN PARLIAMENTARIANS HAVE EXPRESSED STRONG SUPPORT FOR THE REPORT DURING PRELIMINARY DISCUSSIONS. PIAGGIO STATED THAT THE EARLIEST THE COMMISSION WOULD ACT ON THE REPORT WOULD BE "TOWARDS THE END OF FEBRUARY."

4. PIAGGIO EXPRESSED HIS PERSONAL BELIEF THAT SPINELLI'S PROPOSALS WERE TOO GRANDIOSE TO BE OF IMMEDIATE PRACTICALITY. HE BELIEVES THE EC SHOULD CONCENTRATE ON, E.G., A COMMON AIRWORTHINESS AGENCY, A COMMON NOISE REDUCTION POLICY, "STANDARDIZATION," A COMMON AIR FREIGHT AND INSURANCE POLICY, AND A COMMON POLICY ON AIDS FOR EXPORTS, BEFORE TRYING TO TACKLE THE LARGER PROBLEMS SO DEAR TO SPINELLI'S HEART.

5. BONIFACCIO EXPLAINED THAT SPINELLI AND HIS FRIENDS WITHIN EC WERE PUTTING TREMENDOUS PRESSURE ON THE ITALIAN AIRCRAFT INDUSTRY AND THE GOI AND THAT CERTAIN OTHER EC GOVERNMENTS ARE PRESSURING GOI TO ACCEPT SPINELLI REPORT. GOI AND ITALIAN AEROSPACE INDUSTRY ARE TRYING TO PERSUADE OTHER EC AEROSPACE FIRMS AND GOVERNMENTS THAT AUTARCHY IN THE AEROSPACE INDUSTRY IS NOT DESIRABLE FOR EUROPE. BUT FOR THE ITALIAN ARGUMENT TO BE CONVINCING, BONIFACCIO SAID, THE US AEROSPACE INDUSTRY NEEDS TO ADOPT A MORE REALISTIC APPROACH TOWARDS COOPERATION, I.E., TO PERMIT A "TRUE PARTNERSHIP" RATHER THAN DOMINATION BY THE US COMPANIES IN DECISION-MAKING AND LIMITED OFFICIAL USE

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PRODUCTION ARRANGEMENTS. PIAGGIO THEN REMARKED THAT THE CIVIL AVIATION SECTOR COULD BENEFIT FROM COOPERATIVE ARRANGEMENTS SIMILAR TO THOSE WHICH APPEAR TO BE DEVELOPING IN THE DEFENSE SECTOR ON A NATO-WIDE BASIS.

6. BONIFACCIO (WHOSE COMPANY IS ACTIVE IN BOTH THE CIVIL AND MILITARY SECTORS) NOTED THAT LICENSING ARRANGEMENTS BETWEEN US AND ITALIAN AND OTHER EUROPEAN FIRMS ARE AN OBSTACLE

TO SALES ABROAD BY ITALIAN AND OTHER EUROPEAN COMPANIES. HE CLEARLY INDICATED THAT, IF MORE FREEDOM IN THIS AREA IS NOT POSSIBLE, THEN THE EUROPEANS (INCLUDING ITALY) WOULD RELUCTANTLY UNITE UNDER FRENCH LEADERSHIP IN ORDER TO OBTAIN THE FREEDOM THEY ALL BELIEVE THEY MUST HAVE.

7. PIAGGIO POINTED OUT THAT, IN THE ENGINE SECTOR, THERE IS ALREADY GENUINE COOPERATION BETWEEN US AND EUROPEAN COMPANIES AND THAT THESE EUROPEAN COMPANIES DEFINITELY WANT TO CONTINUE SUCH COOPERATION. THE EUROPEAN AIRFRAME INDUSTRY, HOWEVER, WITH FEW EXCEPTIONS, WANTS ALL POSSIBLE SUPPORT FROM THE EC TO DEVELOP A EUROPEAN INDUSTRY. WHETHER US COMPANIES WOULD BE WILLING TO SHARE THEIR TECHNOLOGY, HE INDICATED, WOULD BE AN IMPORTANT FACTOR IN DETERMINING THE ATTITUDE OF EUROPEAN AIRFRAME COMPANIES TOWARDS THE SPINELLI REPORT.

8. IN RESPONSE TO ECMIN'S QUESTION AS TO WHAT TYPE OF EUROPEAN POLICY ITALIAN AEROSPACE INDUSTRY WOULD LIKE TO SEE, BONIFACCIO REPLIED THAT WHAT IS NOT NEEDED IS A SUPRANATIONAL BODY. THE ITALIAN WOULD LIKE TO SEE THE EC PROVIDE, ON A UNIFORM EC-WIDE BASIS, THE SAME ASSISTANCE AS THE USG PROVIDES TO THE US AEROSPACE INDUSTRY. EC FINANCING OF R AND D WOULD BE MOST WELCOME, BONIFACCIO STATED, NOT LEAST BECAUSE GOI SUPPORT HAS BEEN VERY LIMITED, PROVIDED THAT SUCH EC FINANCING DOES NOT RPT NOT IMPLY DISCRIMINATION AGAINST US PARTICIPATION.

9. IN CLOSING, ITALIAN AEROSPACE INDUSTRY REPS SAID THAT, IN THEIR OPINION, USG AND US AEROSPACE INDUSTRY HAD NOT MORE THAN TWO YEARS IN WHICH TO DEVELOP AN HONEST PARTNERSHIP ARRANGEMENT WITH THEIR EUROPEAN COUNTERPARTS IF ANYTHING LIMITED OFFICIAL USE

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SIMILAR TO THE SPINELLI PLAN, WITH A CLOSE EUROPEAN INDUSTRY/MARKET, IS TO BE AVOIDED.

10. COMMENT. ITALIAN AEROSPACE INDUSTRY FEARS FRENCH DOMINATION UNDER ANY TYPE OF EC-WIDE AEROSPACE ARRANGEMENT, BUT IS ALSO CONVINCED THAT US-EUROPEAN COOPERATION IS A MORE COST EFFECTIVE ALTERNATIVE, PROVIDED THAT THE ARRANGEMENTS DO NOT PERMANENTLY RELEGATE EUROPE TO THE ROLE OF JUNIOR PARTNER. FORCED WITH PLAYING SECOND FIDDLE UNDER A SCORE WRITTEN AND DIRECTED BY THE US, THE ITALIANS WOULD, IN THE EMBASSY'S OPINION, UNDOUBTEDLY OPT FOR AN EC ORCHESTRATION, EVEN IF IT RESULTED IN A SERIOUS CONFRONTATION WITH THE USG.VOLPE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, AEROSPACE INDUSTRY, AVIATION AGREEMENTS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 31 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME18948
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750452-0208
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975121/aaaaaagi.tel
Line Count: 167
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 279248, 76 ROME 13862, 76 STATE 276886
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2003 by BoyleJA>; APPROVED <10 JUL 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR - ITALIAN AEROSPACE INDUSTRY CONCERN OVER SPINELLI PLAN FOR EC AEROSPACE INDUSTRY
TAGS: EAIR, EIND, ETRD, IT, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006